

May 16, 1990

TO: Minerals File

FROM: D. Wayne Hedberg

RE: Field Inspection, Geneva Steel Corporation, Iron Mountain Mine, M/021/008,
Iron County, Utah

On April 13, 1990, Wayne Hedberg and Tony Gallegos met with Mr. Roy Benson, Geneva Steel and performed a site inspection of the Iron Mountain mine site. The purpose of the inspection was to familiarize Mr. Gallegos with the site disturbances associated with the Iron Mountain mining complex so that an appropriate evaluation of the recently submitted permit revision could be performed.

We first visited the site of the Iron Mountain loadout and wet cobbing magnetic circuit processing area. This was followed by an inspection of the Black Hawk pit and the Blowout pits. The settling basins associated with the wet magnetic circuit were being cleaned out and reconstructed at the time of our site inspection. Mr. Benson agreed to have the contractor set aside a portion of the sediments settling out in these sediment basins for a chemical evaluation to determine whether this material will be adequate for a substitute topsoil medium.

Next we visited the Black Hawk fines area which encompasses approximately 27 acres and has an estimated 2 1/2 million tons of iron fines material that may be of some marketable value. Mr. Benson indicated that these fines may be amenable to the use of the current web cobbing magnetic circuit that is being used at the Iron Mountain Loadout area.

Next we inspected an overview of the Burke Pit as well as the Rex Orebody which is located northwest of the Black Hawk fines area and adjacent to the Burke Pit. Mr. Benson indicated this ore body is estimated at 140 million tons but was at a depth of approximately 600 feet below the surface. This area may have some future potential for being mined, but there are no present plans to activate operations in this area. Mr. Benson also pointed out the lime cap orebody which has an estimated 10 million tons which is due west of the Black Hawk fines area. This area will also not likely be mined in the near future by Geneva. Another 30 million ton reserve is contained within a narrow vein which is very deep and extends down to 2000 feet underground. This is associated with orebody A and orebody B deposits, orebody A being presently owned by CF&I and

orebody B being owned by Geneva Steel. This is another area that has some potential area for development but would likely be amenable only to underground mining operation.

Following examination of these areas, we visited the Chesapeake/Excelsior property. Mr. Benson indicated approximately 400 thousand tons had been produced thus far from this area which is substantially ^{1 more} than was originally estimated to exist at this site.

The proposed ^{Tip Top} Chip Chop orebody area was visited next. Thus far, there is a road developed to the top of the mountain to this outcrop area, however, no mine development has commenced to date. Mr. Benson indicated that it is likely that the company would like to start development of this orebody by late summer or early fall. This is another very high grade iron ore deposit similar to that being mined at the Chesapeake/Excelsior site.

Only ^{the} alluvial outcrops ^{of the Blow Out} ~~below~~ pit and Iron Mountain load out area, Mr. Benson pointed out an extensive area of high grade alluvial iron ore which has the potential for some future mining, providing the proper magnetic equipment can be developed to remove this material from the surface. He indicated that in this particular area, the alluvial iron ore material extends to an approximate 5 foot depth below the surface.

We next visited the Comstock mine and loadout area recently purchased by Geneva Steel from Utah International Incorporated. Geneva is currently mining from the Mountain Lion pit, which is the more northern portion of the active pit, the Comstock Pit being the more southern portion of the large open pit operation. All the water has been pumped out of the pit. No mining has occurred on the Comstock pit since August of 1989. Mr. Benson indicated approximately 10 million tons of reserves exist in the Mountain Lion side of the pit and approximately 7 million tons of minable reserves exist on the Comstock pit area, which is currently owned by CF&I Corporation and has been mined through a lease by Geneva Steel during 1989.

While in this general vicinity, we met with Mr. Horace Montoya who is a foreman for a salvaging operation which is being conducted at the time of our site visit. A significant portion of all the older existing mining and milling related structures as well as several older electric steam shovels were being cut up, dismantled and sold for scrap by Geneva Steel. Mr. Montoya was, at the time of our visit, dismantling a large land based dredge which had historically been used to salvage the alluvial high grade iron ore deposits adjacent to these pits.

At the conclusion of our field visit, we indicated to Mr. Benson that we would be preparing a revised evaluation of his permit revision proposal, computing a revised reclamation bond estimate and include our recommendation for any additional information we may receive. Mr. Benson indicated he would have the fines from the wet cob circuit analyzed and the results sent to our office as soon as they become available. WMN/1-2